the provisioning of tie cables, have a provisioning interval of 80 calendar days in GTE's federal tariff.[50]

Award

During the interim, the Arbitrators order that the tie cable provisioning intervals provided in the SWBTs' existing collocation tariffs shall govern, as this issue is not unique to the HFPL UNE. Therefore, the appropriate provisioning interval for tie cables, provisioned by SWBT, is equal to the intervals delineated in SWBT's collocation tariff – no more than 30 calendar days depending on the number of tie cables. The Arbitrators find that GTE's provisioning interval of 80 calendar days, as set forth in its federal tariff, for tie cables, is unreasonable. The Arbitrators also find no reason for such a discrepancy between two ILECs of comparable size. Therefore, and since GTE does not currently have a Texas approved collocation tariff, the Arbitrators order GTE to provision tie cables necessary for collocation of splitters within 30 calendar days.

An additional issue, related to tie cables, which arose during the hearing, is how many IDF terminations does the CLEC have to designate for the purpose of line sharing. The Arbitrators order SWBT to permit CLEC's utilizing SWBT owned splitters, to assign blocks of 50 terminations on the IDF, for the purpose of line sharing, consistent with the discussion in the hearing.[51] The Arbitrators rule that such flexibility is necessary to accommodate different CLECs business plans and prevent underutilization of CLECs' tie cables.

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[50] Tr. 487, ln. 1-21 (May 23, 2000).

[51] The assignment has to be contiguous and comply with the CLEC's splitter forecast (Tr. at 443-447, May 23, 2000).

V. Rate Issues

DPL Issue Nos. 7 and 25

7. Should SWBT charge CLECs recurring and non-recurring rates for the Line Sharing UNE as stated in Exhibit A?

What are the appropriate recurring charges for all elements of the Line-Sharing UNE under federal pricing rules and FCC Order 99-355??

Parties' Positions

Rhythms and Covad suggest that the Commission rely on previously adopted rates for cross connects, OSS charges, conditioning of loops, and any other element that has a direct analog. Rhythms and Covad assert that the rate for the HFPL UNE should be $0. Rhythms and Covad explain that the $0 rate is consistent with TELRIC methodology and the *Line Sharing Order*. Rhythms and Covad accept as reasonable SWBT's proposed rate for splitters.

Northpoint and IP argue that the Commission should rely on rates already established in Attachment 25: DSL, Appendix: UNE Pricing and the collocation tariffs during the interim. Northpoint and IP stress that the only additional interim rates that should be established are for ILEC owned splitters. Northpoint and IP suggest a recurring rate of $0 for the HFPL UNE and $0.89 per splitter for both SWBT and GTE.

SWBT proposes rates for the HFPL UNE, cross connects, splitters, and OSS costs. SWBT contends that the appropriate recurring rate for the HFPL UNE is 50% of the UNE loop rate.

GTE proposes rates for the splitter, provisioning the splitter, a splitter service order and a $0 rate for the HFPL UNE. There is no evidence supporting GTE's proposed rates in the record.

Award

High Frequency Portion of the Local Loop

For the purpose of this interim Award, the Arbitrators base their decision on the following language regarding pricing and cost allocation issues from the *Line Sharing Order*:

> "We conclude that, in arbitrations and in setting interim prices, states may require that incumbent LECs charge no more to competitive LECs for access to high frequency local loops than the amount of loop costs the incumbent LEC allocated to ADSL services when it established its interstate retail rates for those services."[52]
>
> "By requiring incumbent LECs to provide access to these high frequency local loops for no more than they allocate to their own xDSL services, the price squeeze may be redressed by ensuring competitive LECs and ILECs incur the same cost for access to the bandwidth required to provide xDSL services."[53]

During the hearing, SWBT testified that the amount of the local loop costs allocated to its retail ADSL offering, in its cost study, was $0.00.[54] Therefore, the Arbitrators find the monthly recurring rate SWBT should charge for the HFPL UNE, is $0. The Arbitrators believe that not only would this rate address the FCC's concern regarding a potential price squeeze, but it would also be consistent with the general pro-competitive purpose underlying the TELRIC principles.[55] This rate is subject to true up based on the rates set by the Commission in the final proceeding.

There is no evidence in the record to support GTE's proposed rates. However, as GTE is proposing a $0 rate for the HFPL UNE,[56] similar to the proposal of Rhythms and Covad, the Arbitrators find that the monthly recurring rate GTE should charge for the HFPL UNE, is $0. This rate is subject to true up based on the rates set by the Commission in the final proceeding.

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[52] *Line Sharing Order* ¶ 139.

[53] *Line Sharing Order* ¶ 141.

[54] Tr. 524, Ln. 6-9 (May 23, 2000).

[55] *Line Sharing Order* ¶ 139.

[56] GTE Exhibit No. 3, David Berhle's Direct Testimony at 3 (May 17, 2000).

Splitters

The Arbitrators find that the appropriate interim rate for an ILEC owned splitter is a monthly recurring charge of $0.89, as proposed by SWBT. All CLECs agreed to the adoption of SWBT's proposed rate. This rate should include all the tie cables that are pre-wired from the splitter to the IDF.[57] In the absence of support for the proposed rates of GTE, the Arbitrators find that the rate proposed by SWBT should apply to GTE as well. Although the splitter configuration proposed by GTE is not identical to SWBT's configuration, the Arbitrators find that the SWBT rate can serve as a proxy for the interim.[58] This rate is subject to true up based on the rates set by the Commission in the final proceeding.

Cross-connects

The *Line Sharing Order* provides the following guidance for setting rates for cross connects:

> "We would expect that the costs of installing cross connects for xDSL services in general would be the same as for cross connecting loops to the competitive LECs' collocated facilities, particularly where the splitter is located within the incumbent LEC's MDF. Accordingly, we find it reasonable to establish a presumption that, where the splitter is located within the incumbent LECs' MDF, the cost for a cross connect for entire loops and for the high frequency portions of loops should be the same. We would expect the states to examine carefully any assessment of costs for cross connections for xDSL services that are in excess of the costs of connecting loops to a competitive LECs' collocated facilities where the splitter is located within the MDF. If the splitter is not located within the incumbent LEC's MDF, however, then we would expect the states to allow the incumbent LEC to adjust the charge for cross connecting the competitive LEC's xDSL equipment to the incumbent LECs' facilities to reflect any cost differences arising from the different location of the splitter, compared to the MDF. We would expect that

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[57] As explained in the hearing, SWBT pre-wires the tie cables (Elements 5-6 in Attachment 2) to the IDF as part of the splitter installation (see Tr. at 270-271, May 23, 2000). Upon review of SWBT's HFPL cost study (Covad/Rhythms Exhibit No. 3), the Arbitrators determine that SWBT included the tie cables investment as part of the splitter cost.

[58] The main difference between the two configurations, besides the different splitter equipment, is that in the GTE scenario the splitter is located in proximity to the MDF and therefore the length of tie cables is substantially shorter (compare Attachment 2 and 3).

this amount would be only minimally higher than for cross connecting a splitter located within the MDF to the competitive LEC's xDSL equipment."[59]

James Smallwood, SWBT's witness, testified during the hearing that the cross connect nonrecurring rate proposed by SWBT for the CLEC-owned splitter scenario reflects SWBT's investment for 4 jumpers (Elements 2, 4, 8 and 10 in Attachment 1).[60] The Arbitrators agree with Covad and Rhythms that the existing, Commission-approved rate for cross connect already includes the investment for these jumpers.[61] Since James Smallwood, SWBT witness, admitted that these cross connects are not unique to the line sharing scenario,[62] the Arbitrators determine that in the interim it would be inappropriate to adopt SWBT's proposed rate. Therefore, under the CLEC-owned splitter scenario (Attachment 1), the Arbitrators order SWBT to charge CLECs, in the interim, two applicable cross connect rates as prescribed in its Commission-approved interconnection agreements.[63] Since GTE presented no evidence in support of its cross connect rate, the Arbitrators order GTE to charge CLECs utilizing their splitter, in the interim, two applicable cross connect rates as prescribed in its Commission approved interconnection agreements. The Arbitrators believe that this rate is reasonable for application to GTE since GTE should be able to install jumpers and tie cables for a similar cost to the efficient cost the Commission assumed for SWBT.

The number of jumpers needed in the SWBT-owned splitter scenario is five (Elements 2, 4, 8, 9 and 12 in Attachment 2).[64] Since this number is higher than the number of jumpers associated with the Commission approved cross connect rate, additional cost needs to be applied to this scenario. However, the Arbitrators decline to accept SWBT's proposed rate, as it is

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[59] *Line Sharing Order* ¶ 145.

[60] Tr. at 527-529 (May 23, 2000) and Commission Exhibit No. 2.

[61] Covad/Rhythms Exhibit No. 17, Terry Murry's Direct Testimony at 23 (May 17, 2000).

[62] Tr. at 529-530 (May 23, 2000).

[63] To the extent that Elements 5 and 7 in Attachment 1 already exist, SWBT should not re-charge the CLEC since the non-recurring and monthly recurring rate it is charging the CLEC covers all the necessary labor and material investment.

unreasonably high compared to similar Commission-approved rates and the Arbitrators are concerned that the application of SWBT's cross connect rate would create an artificial barrier to entry. Therefore, for the SWBT-owned splitter scenario (Attachment 2), the Arbitrators order SWBT to charge CLECs, in the interim, three applicable cross connect rates as prescribed in its Commission approved interconnection agreements.[65] The Arbitrators believe that doing so would allow SWBT to recover all its additional installation and testing investments without imposing an unnecessary burden on the CLECs. The Arbitrators do not find any compelling evidence to necessitate the calculation of new "line sharing specific" cross connect rates for the interim period for the scenario presented in Attachment 3 (GTE owned splitter). Under this scenario GTE locates the splitter on the MDF and therefore, based on the FCC guidance, the Arbitrators rule that GTE should charge CLECs, in the interim, one applicable cross connect rate existing in its Commission approved interconnection agreement.[66]

OSS

For the purpose of this interim Award the Arbitrators base their decision on the following language regarding pricing and cost allocation issues from the *Line Sharing Order*:

> "We find that incumbent LECs should recover in their line sharing charges those reasonable incremental costs of OSS modification that are caused by the obligation to provide line sharing as an unbundled network element....states may require incumbent LECs in an arbitrated agreement to recover such nonrecurring costs as those incremental OSS modification costs through recurring charges over a reasonable period of time; and that nonrecurring charges must be imposed in an equitable manner among entrants."[67]

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[64] Tr. at 536 (May 23, 2000) and Commission Exhibit No. 3.

[65] To the extent that Element 10 in Attachment 2 already exists, SWBT should not re-charge the CLEC since the non-recurring and monthly recurring rate it is charging the CLEC covers all the necessary labor and material investment.

[66] To the extent that Element 8 in Attachment 3 already exists, GTE should not re-charge the CLEC since the non-recurring and monthly recurring rate it is charging the CLEC covers all the necessary labor and material investment.

[67] *Line Sharing Order* ¶ 144.

The Arbitrators find that the monthly rate proposed by SWBT in order to recover the costs of OSS development associated with line sharing is appropriate for the interim period. The Arbitrators acknowledge CLECs' rationale regarding this rate element,[68] but absent other evidence in the record and because it is a reasonable allocation for the interim, the Arbitrators determine that SWBT's proposed rate element is appropriate. The Arbitrators will examine the recovery costs of OSS development and calculate an appropriate rate for recovery in the permanent proceeding, after a final Commission determination on the various operational issues raised by the parties. Absent any evidence in the record, the Arbitrators rule that GTE shall use SWBT's proposed rate for the interim. There is no evidence in the record to support a finding that GTE's OSS costs differ significantly from SWBT's OSS costs. The $0.61 per line recurring monthly OSS rate is subject to true-up based on the rates set by the Commission in the final proceeding.

25. Should the Interim Appendix contain Section 10 regarding Prices?

Parties' Positions

Northpoint and IP support the inclusion of Section 10.

Award

The Arbitrators find that the Interim Appendix should contain Section 10 regarding Prices. However, Section 10 must be amended to comply with this interim Award. If a rate is not included in Section 10, Parties should look to their existing interconnection agreement to provide the appropriate rate.

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[68] Mainly, CLEC's claim that there is no justification for SWBT's OSS investment and that the number of xDSL customers assumed in determining this rate is unreasonable (Covad/Rhythms Exhibit No. 17, Terry Murry's Testimony at 37-39).

VI. Miscellaneous Contract Issues

DPL Issue Nos. 8, 9-16, 18, 20-21, 23, and 26

The Parties agreed to waive cross-examination on the following issues at the hearing.[69] The Arbitrators base their decisions on all evidence in the record, as these issues pertain to the underlying subject matter of sections II-V.

8. Miscellaneous Interim Line Sharing Contract Definition and Implementation Issues

Parties' Positions

Covad and Rhythms propose interim contract language that contains the minimum terms and conditions necessary to begin line sharing as of June 6, 2000.

SWBT asserts that its proposed language complies with the Line Sharing Order and therefore should be accepted. GTE claims that the term and conditions addressed in DPL Issues 1 through 7 provide sufficient bases for CLECs to provide advanced services on a shared loop as provided by the *Line Sharing Order*. GTE object to the inclusion of phase II issues in the phase I interim proceeding.

Award

The Arbitrators rule that Covad's and Rhythms' language that is not necessary for the implementation of this interim Award should be rejected. The Arbitrators use their analysis of DPL Issues 1-7 and the Line Sharing Order to amend the language proposed by parties.

9. Should Section 1.5 be clarified to ensure that the prices in the Appendix are interim and to clarify that the rates for loop conditioning are governed by the existing Interconnection Agreement?

Parties' Positions

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[69] *See* Tr. at 394 (May 23, 2000).

IP and Northpoint state that Section 1.5 should be clarified to ensure that the prices prescribed by this agreement are interim and existing rates for loop conditioning should apply. SWBT is in agreement with IP and Northpoint's position.

Award

As stated in the analysis of DPL Issue No. 7, the Arbitrators agree with IP's and Northpoint's position that the addition of the term "interim" clarifies the intent of the provision. Regarding loop conditioning, as stated in the analysis of DPL Issue No. 7, unless the rate element is unique to the HPFL UNE, the rates existing in the parties interconnection agreements should apply. The contract language is modified accordingly.

10. Should Section 1.9 be modified to delete the automatic termination provision?

Parties' Positions

IP and Northpoint assert that the automatic termination provision should be deleted because the interim appendix should remain in effect until the Commission issues a final award replacing the interim award. In addition, SWBT's language does not capture the current Commission process for approval of agreements.

Award

The Arbitrators believe that the automatic termination provision should not be included in the contract. The Parties agreed at the interim relief hearing that because of conflicts and the complexities of the issues, Phase II of the arbitration would not take place within the 9 month parameter under the FTA. Therefore, this provision must be deleted. The Arbitrators find that the interim Award will remain in place until the Commission issues a final Arbitration Award in this proceeding.

11. Should Section 1.10 be modified to delete the provision that either party may unilaterally terminate the Interim Appendix after 30 days notice?

Parties' Positions

IP and Northpoint indicate that this provision was completely erroneous and should not be contained in the interim contract.

SWBT includes within its proposed contract language a provision, which entitled either Party to unilaterally terminate the contract upon 30 days notice.

Award

At the hearing, SWBT agreed that this provision should not be in the interim contract and that it should be deleted.[70] Accordingly, this issue is moot.

12. Should Section 1.11 be modified to ensure that already-Commission approved relevant Performance Measurements will apply to activities performed under the Interim Appendix?

Parties' Positions

IP and Northpoint argue that no reason exits for the performance measures to cease for the interim period. In fact, they argue that the performance measures must apply to instill performance by the ILEC.

SWBT indicates that because of the interim nature of the contract, performance measures should not apply and therefore, penalties under such measures would not be applicable.

Award

The Arbitrators note that performance measures for xDSL have already been established in another docket. Although specific xDSL measures are being modified to some extent during the Commission's six-month review, there is no reason specific to the issues in this arbitration that the performance measures should not apply during the interim period. In addition, if the performance measures were not applicable during the interim period, incentives for SWBT to provide nondiscriminatory access to the HFPL UNE would be diminished. Therefore, the relevant performance measures will apply during the interim period.

13. Should SWBT be required to comply with the presumed acceptable standards for deployment of xDSL standards for line sharing as enunciated by the FCC?

Parties' Positions

IP and Northpoint state that the language proposed by SWBT regarding standards for deployment of xDSL for line sharing is not in compliance with the *Line Sharing Order*.

Award

The Arbitrators believe that all Parties are in agreement regarding xDSL technologies that are presumed acceptable for deployment in the interim period.[71] The Arbitrators believe that this issue is very similar to an issue that was resolved by the Commission in the Covad/Rhythms Arbitration and advise the Parties to take that into consideration for the permanent proceeding. To the extent that the issue in discussion is similar to the issues addressed by the Commission in the Covad/Rhythms Arbitration, the contract should refer to that language. The contract language is modified accordingly.

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[70] Tr. at 552 (May 23, 2000).

[71] All Parties agreed that for an interim period of 3 months the xDSL flavors acceptable for deployment are ADSL, RADSL and G.Lite (Tr. at 549-550, May 23, 2000).

14(a). Should Sections 3.5 and 3.6 be deleted regarding liability and indemnification to enable the provisions of the underlying Agreement to apply to the Interim Appendix?

14(b). In the event the provisions remain separate from the general terms, then should Sections 3.5.1, 3.5.2, and 3.6.1 be modified to make the liability provisions are reciprocal?

Parties' Positions

IP and Northpoint indicate that as in all interconnection agreements, the underlying provisions should apply and the interim Appendix should merely add a layer onto the existing interconnection agreement.

SWBT indicates that these provisions were important to include in the interim Appendix because some CLECs were not familiar with xDSL provisions.

Award

The Arbitrators agree that underlying interconnection terms and conditions should apply and that indemnification provisions in the interim Appendix are unnecessary and duplicative. Therefore, sections 3.5 and 3.6 are deleted and Parties should refer to their respective interconnection agreements.

15. Should Section 3.5.2 be amended to modify the process where a deployed service allegedly degrades the performance of its advanced service or traditional voiceband services?

Parties' Positions

IP and Northpoint claim that, as currently worded, SWBT's provision does not comply with the *Line Sharing Order*. SWBT believes that this provision complies with *the Advanced Services Order* and the *Line Sharing Order*.

Award

See discussion under DPL Issue No. 13.

16. Should Sections 4.1, 4.1.1, 4.1.2, and 4.1.2.1 be deleted since these definitions are already included in the Attachment 25-DSL?

Parties' Positions

IP and Northpoint state that the current sections in SWBT's proposed contract contain definitions of types of xDSL loops. Since the line sharing appendix should be adjunct to the xDSL section of the corresponding interconnection agreement, these definitions are duplicitous and unnecessary.

SWBT claims that the line sharing appendix should be offered as a separate and complete package and therefore IP's and Northpoint's modifications are inappropriate.

Award

The Arbitrators agree with IP and Northpoint and conclude that the line sharing appendix is legitimately related to the xDSL section of the Parties' interconnection agreement. The contract language is modified accordingly.

18. Should Section 4.2 be modified to add a requirement of 5 business day advance notification before SWBT disconnects its POTS customer?

Parties' Positions

IP and Northpoint propose a five day interval following an ILEC's POTS end-user disconnect order to allow the CLEC to make the necessary business arrangement. Also IP and Northpoint offer language regarding the appropriateness of reconfiguration and disconnect orders.

SWBT proposed a three day interval in response to the CLECs' proposal.

Award

The Arbitrators rule that SWBT's proposal relating to notification intervals is reasonable and appropriate for the interim period. The Arbitrators believe that SWBT's proposal does not create a barrier to entry for the CLECs. Regarding the appropriateness of reconfiguration and disconnect charges the Arbitrators believe that the language proposed by IP and Northpoint correctly captures the appropriate charges that should apply when the ILEC disconnects its POTS customer. The contract language is modified accordingly.

20. Should SWBT be required to provide actual notification to the end use customer and to the CLEC in the event SWBT needs to repair or to replace splitters or provide other maintenance/repair work?

Parties' Positions

IP and Northpoint assert that SWBT needs to notify both the CLEC and the end-user customer before it performs any repair or maintenance activity.

Award

See discussion regarding DPL Issue No. 6. While the Arbitrators understand the ILEC's obligation toward its POTS end-user customer, the need for notification and coordination with both the CLEC (with which the ILEC is sharing the customer) and the end-user customer is essential. The contract language is modified accordingly.

21. Should Section 5.1.2.6 be deleted in its entirety?

Parties' Positions

IP and Northpoint assert that the language in this section is duplicative of another section in SWBT's proposed contract and should be deleted. In addition, IP and Northpoint argue that it

is inappropriate for SWBT to levy a charge against the CLEC if SWBT disconnects its POTS customer.

Award

The Arbitrators find that the interim contract language provided by this Award and addressed in DPL Issue No. 18, captures the appropriate terms and conditions when SWBT disconnects its POTS service. Therefore, this language, as proposed in Section 5.1.2.6, shall not be included.

23(a). Should Section 6.4.4 be amended to provide specific standards for service degradation?

23(b). Should Section 6.4.4 be amended to provide a specific procedure and standards for disputes over whether a service is being degraded due to xDSL deployment?

Parties' Positions

See discussion regarding DPL Issue No. 13.

Award

See discussion regarding DPL Issue No. 13.

26. Should Section 11 be amended to add a new section regarding reservation of rights?

Parties' Positions

IP and Northpoint indicated that because of the interim nature of the appendix, the Parties should recognize that their rights to assert positions during the final phase of the arbitration are not prejudiced by positions adopted in the interim phase.

SWBT agreed with IP's and Northpoint's positions.

Award

The Arbitrators believe that IP's and Northpoint's position is reasonable. In addition, there does not appear to be disagreement between the parties regarding the inclusion of this provision.

VIII. Conclusion

The Arbitrators conclude that the foregoing interim Award, including the attached appendices, resolves the disputed issues presented by the Parties for arbitration. The Arbitrators further find that this resolution complies with the standards set in FTA §252(c), the *Line Sharing Order*, and P.U.C. PROC. R. 22.301-22.310.

SIGNED AT AUSTIN, TEXAS the _____ day of June, 2000.

FTA § 252 ARBITRATION PANEL

_____

JOHN D. MASON
ARBITRATOR

_____

SHAY MALLIK
ARBITRATOR

Commission Staff Arbitration Advisors

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Attachment 4: Joint DPL of the Parties

Attachment 5: Contract Language

INTERIM APPENDIX HFPL
High Frequency Portion of the Loop

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INTERIM APPENDIX HFPL
High Frequency Portion of the Loop

1. INTRODUCTION

1.1 This Interim Appendix sets forth terms and conditions for providing the High Frequency Portion of the Loop (HFPL) by the applicable Incumbent Local Exchange Carrier (ILEC) and Competitive Local Exchange Carrier (CLEC). In order to take advantage of this interim offer, the CLEC must currently have an effective Interconnection Agreement or Interim Interconnection Agreement in that state with appropriate rates, terms, and conditions for ordering the xDSL loops.

1.2 The interim prices at which ILEC agrees to provide CLEC with DSL and HFPL are contained in the applicable Appendix and/or the applicable Commission ordered tariff where stated. The rates for loop conditioning will be governed by existing interconnection agreements.

1.3 ILEC agrees to provide CLEC with access to UNEs (including HFPL offerings) in accordance with the rates, terms and conditions set forth in this Interim Appendix HFPL and the general terms and conditions applicable to UNEs under this Appendix, for CLEC to use in conjunction with its desired xDSL technologies and equipment to provide xDSL services to its end user customers.

1.4 The Parties acknowledge and agree that they are entering into the terms of this Interim Appendix in order to allow CLECs to promptly begin offering services using HFPL in Texas.

1.5 The Parties further acknowledge and agree that the term of the underlying Agreement shall not apply to this Interim Appendix HFPL. Rather, the rates, terms, and conditions set forth in this Interim Appendix shall be effective upon signing. The rates, terms, and conditions are subject to, and shall be replaced by, the terms of the final Interconnection Appendix(s) negotiated and/or arbitrated by the Parties in each state under Sections 251/252 of the Act upon approval by each state commission of the final, negotiated Interconnection Appendix(s) between the Parties or upon issuance of a final order in any arbitration proceeding (subject to any appeals and associated judicial review. In the event that this Interim Appendix HFPL is in place at the time of issuance of the final Order in the arbitration proceeding, the Parties shall meet within thirty (30) days following issuance of a final Order(s) by the state commission(s) in such arbitration proceeding(s) and expend diligent efforts to arrive at an agreement on terms and conditions which comply with the final Order(s). The rates, terms and conditions of this Interim Appendix are not available in any state where the regulatory commission already has established the rates, terms and conditions for the provision of the HFPL to any CLEC through arbitration or other proceeding.

1.6 The results of the arbitration shall be effective the date the state commission(s) order(s) becomes final, unless the order(s) is stayed pending appeal.

1.7 The Parties acknowledge and agree that relevant Commission-approved performance measures and/or penalties shall apply under the terms of this Interim Appendix. Nothing in this Interim Appendix shall constitute a waiver by either Party of any positions it may have taken or will take in the Section 251/252 negotiations and subsequent arbitration proceeding(s), if any, or any other regulatory or judicial proceeding.

2. DEFINITIONS

2.1 For purposes of this Appendix, a "loop" is defined as a transmission facility between a distribution frame (or its equivalent) in a central office and the loop demarcation point at an end user customer premises.

2.2 For purposes of this Appendix, a "subloop" is defined as any portion of the loop from ILEC's F1/F2 interface to the demarcation point at the customer premise that can be accessed at a terminal in ILEC's outside plant. An accessible terminal is a point on the loop where technicians can access the wire or fiber within the cable without removing a splice closure to reach the wire within. The Parties recognize that this is only one form of subloop (defined as the F1/F2 interface to the customer premise) as set forth in the FCC's Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-96 (FCC 99-238), including the FCC's Supplemental Order issued In the Matter of the Local Competition Provisions of the Telecommunications Act of 1996, in CC Docket No. 96-98 (FCC 99-370) (rel. November 24, 1999) ("the UNE Remand Order"). Additional subloop types may be negotiated and agreed to by the Parties consistent with the UNE Remand Order. Subloops discussed in this Appendix will be effective in accordance with the dates set out in the UNE Remand Order.

2.3 The term "Digital Subscriber Line" ("DSL") describes various technologies and services. The "x" in "xDSL" is a place holder for the various types of DSL services, including, but not limited to ADSL (Asymmetric Digital Subscriber Line), HDSL (High-Speed Digital Subscriber Line), IDSL (ISDN Digital Subscriber Line), SDSL (Symmetrical Digital Subscriber Line), UDSL (Universal Digital Subscriber Line), VDSL (Very High-Speed Digital Subscriber Line), and RADSL (Rate-Adaptive Digital Subscriber Line).

2.4 "High Frequency Portion of the Loop" ("HFPL") is defined as the frequency above the voice band on a copper loop facility that is being used to carry traditional POTS analog circuit-switched voice band transmissions. The FCC's Third Report and Order in CC Docket No.98-147 and Fourth Report and Order in CC Docket No. 96-98 (rel. December 9, 1999) (the "Line Sharing Order") references the voice band frequency of the spectrum as 300 to 3000 Hertz (and possibly up to 3400 Hertz) and provides that DSL technologies which operate at frequencies generally above 20,000 Hertz will not interfere with voice band transmission. ILEC shall only make the

HFPL available to CLEC in those instances where ILEC also is providing retail POTS (voice band circuit switched) service on the same local loop facility to the same end user.

2.5 A loop technology that is "presumed acceptable for deployment" is one that either complies with existing industry standards, has been successfully deployed by another carrier in any state without significantly degrading the performance of other services, or has been approved by the FCC, any state commission, or an industry standards body.

2.6 A "non-standard xDSL-based technology" is a loop technology that is not presumed acceptable for deployment under Section 2.5 of this Appendix.

2.7 A "Splitter" is a device that divides the data and voice signals concurrently moving across the loop, directing the voice traffic through copper tie cables to the switch and the data traffic through another pair of copper tie cables to multiplexing equipment for delivery to the packet-switched network. The Splitter may be directly integrated into the Digital Subscriber Line Access Multiplexer (DSLAM) equipment or may be externally mounted.

2.8 "Digital Subscriber Line Access Multiplexer" ("DSLAM") is a piece of equipment that links end-user DSL connections to a single high-speed packet switch, typically ATM or IP.

3. GENERAL TERMS AND CONDITIONS RELATING TO THE HIGH FREQUENCY PORTION OF THE LOOP

3.1 ILEC will provide a HFPL for CLEC to deploy xDSL technologies presumed acceptable for deployment or non-standard xDSL technologies as defined by state or federal regulatory agencies, including but not limited to FCC rules. For the purposes of this interim agreement, ADSL, RADSL, and G.Lite, are presumed acceptable. ILEC will not impose limitations on the transmission speeds of xDSL services; provided, however, ILEC does not guarantee transmission speeds, available bandwidth nor imply any service level. Consistent with the Line Sharing Order, CLEC may only deploy xDSL technologies on the HFPL that do not interfere with analog voice band transmission.

3.2 ILEC shall not deny CLEC's request to deploy any xDSL technology over the HFPL that is presumed acceptable for deployment pursuant to state or federal rules unless ILEC has demonstrated to the state commission in accordance with FCC orders that CLEC's deployment of the specific technology will significantly degrade the performance of other advanced services or traditional voice band services.

3.3 In the event the CLEC wishes to introduce a technology on the HFPL that has been successfully deployed by any carrier elsewhere but not otherwise approved by

an industry standards body, the Federal Communications Commission or any state commission, the CLEC will provide documentation describing that action to ILEC and the state commission before or at the time of its request to deploy such technology within ILEC.

3.4 In the event the CLEC wishes to introduce a technology on the HFPL that is not presumed acceptable for deployment pursuant to federal or state rules, the burden is on the CLEC to demonstrate that its proposed deployment meets the threshold for a presumption of acceptablity and will not, in fact, significantly degrade the performance of other advanced services or traditional voice band services.

3.5 Liability

3.5.1 Notwithstanding any other provision of this Appendix, each Party, whether a CLEC or ILEC, agrees that should it cause any non-standard xDSL technologies to be deployed or used in connection with or on ILEC facilities, the Party ("Indemnifying Party") will pay all direct costs associated with any damage, service interruption or other telecommunications service degradation, or damage to the other Party's ("Indemnitee") facilities.

3.5.2 Where CLEC or ILEC claims that a deployed service is significantly degrading the performance of its advanced service or traditional voiceband services, that carrier must notify the deploying carrier and allow the deploying carrier a reasonable opportunity to correct the problem. Where the carrier whose services are being degraded does not know the precise cause of the degradation, it must notify each carrier that may have caused or contributed to the degradation.

(a) Where the degradation asserted remains unresolved by the deploying carrier(s) after a reasonable opportunity to correct the problem, the carrier whose services are being degraded must establish before the relevant state commission that a particular technology deployment is causing the significant degradation.

(b) Any claims of network harm presented to the deploying carrier(s) or, if subsequently necessary, the relevant state commission, must be supported with specific and verifiable information.

(c) Where a carrier demonstrates that a deployed technology is significantly degrading the performance of other advanced services or traditional voice band services before the relevant state commission, the carrier deploying the technology shall discontinue deployment of that technology and migrate its customers to technologies that will not significantly degrade the performance of other such services.

(d) Where the only degraded service itself is a known disturber, and the newly deployed technology satisfies at least one of the criteria for a presumption that it is acceptable for deployment under this Appendix, the degraded service shall not prevail against the newly-deployed technology.

3.6 Indemnification: Indemnification for this Appendix shall be governed by the indemnification provisions in this Interconnection Agreement.

4. UNBUNDLED xDSL-CAPABLE LOOP OFFERINGS

4.1 The CLEC has the option of collocating a DSLAM in ILEC's Remote Terminal ("RT") at the fiber/copper interface point, pursuant to collocation terms and conditions. When the CLEC collocates its DSLAM at ILEC RTs, ILEC will provide CLEC with unbundled access to subloops to allow CLEC to access the copper wire portion of the loop.

4.2 Where the CLEC is unable to obtain spare copper loops necessary to provision a DSL service, and ILEC has placed a DSLAM in the RT, ILEC must unbundle and provide access to its packet switching. ILEC is relieved of this unbundling obligation if it permits a requesting carrier to collocate its DSLAM in ILEC's remote terminal, on the same terms and conditions that apply to its own DSLAM and there is room in the RT for CLEC to collocate its DSLAM. The rates set forth in the Interconnection Agreement shall apply to this subloop.

4.2.1 When ILEC is the provider of the retail POTS analog voice service on the same loop to the same end-user, HFPL access will be offered on loops that meet the loop requirements as defined in CLEC's underlying Interconnection Agreement. The CLEC will provide ILEC with the type of technology it seeks to deploy, at the time of ordering, including the PSD of the technology the CLEC will deploy. If the technology does not have a PSD mask, CLEC shall provide ILEC with a technical description of the technology (including power mask) for inventory purposes. ILEC shall use PSD mask information solely for inventory purposes.

4.2.2 xDSL technologies may only reside in the higher frequency ranges, preserving a "buffer zone" to ensure the integrity of voice band traffic.

4.3 When ILEC traditional retail POTS services are disconnected ILEC will notify the CLEC that the POTS is being disconnected. The CLEC will determine whether the broadband service will be converted from a Line Sharing Circuit, or HFPL, to a full stand alone UNE loop or disconnected. ILEC will not take any action until 3 business days after providing the notice to CLEC. All appropriate recurring and nonrecurring charges for the reconfiguration/disconnect shall apply. Upon request of

either Party, the Parties shall meet to negotiate terms for such notification and disconnection.

4.4 ILEC shall be under no obligation to provide multi-carrier or multi-service line sharing arrangements as referenced in FCC 99-35, paragraph 75.

4.5 HFPL is not available in conjunction with a combination of network elements known as the platform or UNE-P (including loop and switch port combinations) or unbundled local switching or any arrangement where ILEC is not the retail POTS provider.

4.6 ILEC shall be under no obligation to provision xDSL capable loops in any instance where physical facilities do not exist. ILEC shall be under no obligation to provide HFPL where ILEC is not the existing retail provider of the traditional, analog voice service (POTS). This shall not apply where physical facilities exist, but conditioning is required. In that event, CLEC will be given the opportunity to evaluate the parameters of the xDSL or HFPL service to be provided, and determine whether and what type of conditioning should be performed at its request. CLEC shall pay ILEC for any conditioning performed at its request, pursuant to Section 7.1.

4.7 For each HFPL, CLEC shall at the time of ordering, notify ILEC as to the PSD mask of the technology the CLEC intends to deploy on the loop. If and when a change in PSD mask is made, CLEC will immediately notify ILEC. Likewise, ILEC will disclose to CLEC upon request information with respect to the number of loops using advanced services technology within the binder and type of technology deployed on those loops ILEC will use this formation for the sole purpose of maintaining an inventory of advanced services present in the cable sheath. If the technology does not fit within a national standard PSD mask (but still remains in the HFPL only), CLEC shall provide ILEC with a technical description of the technology (including power mask) for inventory purposes.

4.8 In the event that ILEC determines there are excessive disturbers, ILEC will disclose to the requesting CLEC information with respect to the number of loops using advanced services technology within the binder and type of technology deployed on those loops, including the specific reason for the denial, within 48 hours of the denial.

4.9 ILEC will not deny a requesting CLEC's right to deploy new xDSL technologies that do not conform to the national standards and have not yet been approved by a standards body (or otherwise authorized by the FCC, any state commission or which have not been successfully deployed by any carrier without significantly degrading the performance of other services) if the requesting CLEC can demonstrate to the Commission that the loop technology will not significantly degrade the performance of other advanced services or traditional voice band services.

4.10 ILEC shall not impose its own standards for provisioning xDSL services, through Technical Publications or otherwise, until and unless approved by the Commission or the FCC prior to use. However, ILEC may publish non-binding Technical Publications to communicate current standards and their application as set forth in Paragraph 72 of FCC Order 99-48 (rel. March 31, 1999), FCC Docket 98-147.

5. HFPL: SPLITTER OWNERSHIP AND RESPONSIBILITIES

5.1 Splitter ownership:

5.1.1 Option 1: CLEC will own and have sole responsibility to forecast, purchase, install, inventory, provision and maintain splitters. When physically collocating, splitters shall be installed in the CLECs collocation arrangement area (whether caged or cageless) consistent with ILEC's standard collocation practices and procedure. When virtually collocated, ILEC will install, provision and maintain splitters under the terms of virtual collocation.

5.1.2 Option 2: Without waiving its right to decline to provide splitters under any other prices, terms, and conditions, ILEC agrees to own, purchase, install, inventory, provision, maintain and lease splitters in accordance with the terms set forth herein, at a minimum for the length of time this interim appendix is effective. ILEC will determine where such ILEC-owned splitters will be located in each central office. ILEC owned splitters will be placed in a common area accessible to CLECs if space is available, or may be placed in proximity to the MDF. When placed in common areas accessible to CLECs, CLECs will have test access at the line side of the splitter. Any service-intrusive test performed by either party shall be coordinated with both the customer as well as the other party. Upon CLEC's request, ILEC will perform testing and repair at the ILEC-owned splitter on behalf of CLEC. In the event that no trouble is found at the time of testing by ILEC, CLEC shall pay ILEC for such testing at the rates set forth in the interconnection agreement with the parties. CLEC will not be permitted direct physical access to the MDF or the IDF for testing. Upon the request of either Party, the Parties shall meet to negotiate terms for additional test access capabilities.

5.1.2.1 ILEC will agree to lease such splitters a line at a time subject to the following terms and conditions:

5.1.2.1.1 Forecasts: CLEC will provide ILEC with a forecast of its demand for each central office

prior to submitting its first LSR for that individual office and then every January and July thereafter (or as otherwise agreed to by both parties). CLEC's failure to submit a forecast for a given office may affect provisioning intervals. In the event CLEC fails to submit a forecast in a central office which does not have available splitter ports, ILEC shall have an additional ten (10) business days to install CLEC's line sharing order after such time as the additional splitter equipment is installed in the ILEC central office. For requests for ILEC provided splitters in offices not provisioned in the initial deployment, all such requests, including forecasts, must be made in the CLEC's collocation application. Installation intervals will be consistent with the collocation intervals for the applicable state.

5.1.2.1.2 Forecast Penalties: No forecast penalties will be levied pursuant to this interim agreement. ILEC will manage the capacity of the splitter and all facilities related to provision of HFSL in a reasonable and nondiscriminatory manner.

5.1.2.2 Splitter provisioning will use standard ILEC configuration cabling and wiring in ILEC locations. Connecting Block layouts will reflect standard recognizable arrangements and be wired out in contiguous 100 pair complements, and numbered 1-96. All arrangements must be consistent with ILEC's Operational Support Systems ("OSS"). ILEC will consider use of other CLEC-recommended splitters as new splitter technologies are introduced.

5.1.2.3 Splitter technology will adhere to established industry standards for technical, test access, common size, configurations and shelf arrangements.

5.1.2.4 All ILEC-owned splitter equipment will be compliant with applicable national standards and NEBS Level 1.

5.1.2.5 From time to time, ILEC may need to replace or repair ILEC-owned splitters or splitter cards, which necessitate a brief interruption of service. In the event that service interruption is anticipated by ILEC, ILEC shall notify CLEC.

5.1.2.6 ILEC retains the sole right to select ILEC-owned splitter equipment and installation vendors.

5.2 When physically collocated, splitters will be placed in traditional collocation areas as outlined in the physical collocation terms and conditions in this Appendix or applicable Commission-ordered tariff. In this arrangement, the CLEC will have test access to the line side of the splitter when the splitter is placed in an area commonly accessible by CLECs. It is recommended that the CLEC provision splitter cards that provide test port capabilities. When virtually collocated, ILEC will install the splitter in a ILEC bay and ILEC will access the splitter on behalf of the CLEC for line continuity tests. Additional testing capabilities (including remote testing) may be negotiated by the Parties.

5.3 Splitter provisioning will use standard ILEC configuration cabling and wiring in ILEC locations. Connecting Block layouts will reflect standard recognizable arrangements that will work with ILEC Operations Support Systems ("OSS").

5.4 Splitter technology needs to adhere to established industry standards for technical, test access, common size, configurations and shelf arrangements.

5.5 All splitter equipment must be compliant with applicable national standards and NEBS Level 1.

6. OPERATIONAL SUPPORT SYSTEMS: LOOP MAKEUP INFORMATION AND ORDERING[1]

6.1 General: ILEC will provide CLEC with nondiscriminatory access by electronic or manual means, to its loop makeup information set forth in ILEC's Plan of Record. In the interim, loop makeup data will be provided as set forth below. In accordance with the FCC's UNE Remand Order, CLEC will be given nondiscriminatory access to the same loop makeup information that ILEC is

[1] These terms and conditions are unique to SWBT. Parties to Interconnection Agreements with GTE shall use the applicable Interconnection Agreement language or other mutually agreed upon language for OSS systems.

providing any other CLEC and/or ILEC's retail operations or its advanced services affiliate.

6.2 Loop Pre-Qualification: Subject to 6.1 above, ILEC's interim pre-qual will provide a near-real time response to CLEC queries. Until replaced with OSS access as provided in 6.1, ILEC will provide mechanized access to a loop length indicator via Verigate and DataGate in regions where Verigate/DataGate are generally available for use with xDSL-based, HFPL, or other advanced services. The loop length is an indication of the approximate loop length, based on a 26-gauge equivalent and is calculated on the basis of Distribution Area distance from the central office. This is an optional service to the CLEC and is available at no charge.

6.3 Loop Qualification: Subject to 6.1 above, ILEC will develop and deploy enhancements to its existing DataGate and EDI interfaces that will allow CLECs, as well as ILEC's retail operations or its advanced services affiliate, to have near real time electronic access as a preordering function to the loop makeup information. As more particularly described below, this loop makeup information will be categorized by three separate pricing elements: mechanized, manual, and detailed manual.

6.3.1 Mechanized loop qualification includes data that is available electronically and provided via an electronic system. Electronic access to loop makeup data through the OSS enhancements described in 6.1 above will return information in all fields described in ILEC's Plan of Record when such information is contained in ILECs electronic databases. CLEC will be billed a mechanized loop qualification charge for each xDSL capable loop ordered at the rates set forth in Appendix 25:xDSL.

6.3.2 Manual loop qualification requires the manual look-up of data that is not contained in an electronic database. Manual loop makeup data includes the following: (a) the actual loop length; (b) the length by gauge; (c) the presence of repeaters, load coils, bridged taps; and shall include, if noted on the individual loop record, (d) the total length of bridged taps; (e) the presence of pair gain devices, DLC, and/or DAML, and (f) the presence of disturbers in the same and/or adjacent binder groups. CLEC will be billed a manual loop qualification charge for each manual loop qualification requested at the rates set forth in Appendix 25:xDSL.

6.3.3 Detailed manual loop qualification includes all fields as described in ILEC's Plan of Record, including the fields described in fields 6.3.2 above. CLEC will be billed a detailed manual loop qualification charge for each detailed manual loop qualification requested at the rates set forth in Appendix 25:xDSL.

6.4 All three categories of loop qualification are subject to the following:

6.4.1 If load coils, repeaters, or excessive bridged tap are present on a loop under 12,000 feet in length, conditioning to remove these elements will be performed without request and at no charge to the CLEC.

6.4.2 If a CLEC elects to have ILEC provide loop makeup through a manual process for information not available electronically, then the loop qualification interval will be 3-5 business days, or the interval provided to ILEC's affiliate, whichever is less.

6.4.3 If the results of the loop qualification indicate that conditioning is available, CLEC may request that ILEC perform conditioning at charges set forth in Appendix 25: xDSL. The CLEC may order the loop without conditioning or with partial conditioning if desired.

6.4.4 For HFPL, if CLEC's requested conditioning violates Carrier Serving Area (CSA) or Serving Area Concept (SAC) design standards, ILEC is not required to condition the loop. If ILEC and or its affiliate contends that conditioning or deconditioning a loop will interfere with the voice grade service on the loop, then ILEC: (a) if CLEC disputes ILEC's contention, then, ILEC has the burden of establishing its position before the Public Utility Commission of Texas; (b) may not provide xDSL services across the loop in question; and (c) at the request of the CLEC will, whenever possible, transfer the end-user's voice service to a loop that is capable of supporting the CLEC's xDSL technology across the high frequency network element.

7. PROVISIONING

7.1 Provisioning: ILEC will not guarantee that the local loop(s) ordered will perform as desired by CLEC for xDSL-based, HFPL, or other advanced services, but will assure guarantee basic metallic loop parameters, including continuity and pair balance. CLEC-requested testing by ILEC beyond these parameters will be billed on a time and materials basis at the applicable tariffed rates or as stated in the Interconnection Agreement. On loops where CLECs have requested that no conditioning be performed, ILEC's maintenance will be limited to verifying loop suitability based on POTS design. For loops having had partial or extensive conditioning performed at CLEC's request, ILEC will verify continuity, the completion of all requested conditioning, and will repair at no charge to CLEC any gross defects which would be unacceptable based on current POTS design criteria and which do not result from the loop's modified design. For loops less than 12,000 feet, ILEC will remove load coils, repeaters, and excessive bridged tap at no charge to CLEC.

7.2 Subject to Section 6.4.4 above, CLEC shall designate, at the CLEC's sole option, what loop conditioning ILEC is to perform in provisioning the xDSL loop(s), subloop(s), or HFPL on the loop order. Conditioning may be ordered on loop(s),

subloop(s), or HFPL of any length at the Loop conditioning rates set forth in the Interconnection Agreement. The loop, subloop, or HFPL will be provisioned to meet the basic metallic and electrical characteristics such as electrical conductivity and capacitive and resistive balance.

7.3 The provisioning intervals are applicable to the HFPL regardless of the loop length. The Parties will meet to negotiate and agree upon subloop provisioning intervals.

7.3.1 The interim provisioning and installation interval for HFPL, where no conditioning is requested (including outside plant rearrangements that involve moving a working service to an alternate pair as the only possible solution to provide the HFPL), on orders for 1-20 loops per order or per end-user location, will be three (3) business days, or the provisioning and installation interval applicable to ILEC's tariffed xDSL-based services, or its affiliate's, whichever is less.

7.3.2 The interim provisioning and installation intervals for the HFPL where conditioning is requested or outside plant rearrangements are necessary, as defined above, on orders for 1-20 loops per order or per end-user customer location, will be ten (10) business days, or the provisioning and installation interval applicable to ILEC's tariffed xDSL-based services or to its affiliate's xDSL-based services where conditioning is required, whichever is less. For HFPL orders, intervals are contingent upon the CLEC customer's release of the voice grade circuit during normal working hours. In the event the end user customer should require conditioning during non-working hours, the due date may be adjusted consistent with end user release of the voice grade circuit and out-of-hours charges may apply.

7.3.3 Orders for more than 20 loops per order or per end user location, where no conditioning is requested will have a provisioning and installation interval of 15 business days, or as agreed upon by the Parties. For HFPL orders, intervals are contingent upon end user release during normal working hours. In the event the CLEC's end user customers require conditioning during non-working hours, the due date may be adjusted consistent with end user release of circuit and out-of-hours charges may apply.

7.3.4 Orders for more than 20 loops per order which require conditioning will have a provisioning and installation interval agreed by the parties in each instance.

7.3.5 Subsequent to the initial order for the HFPL, additional conditioning may be requested on such loop(s) at the rates set forth in the Interconnection Agreement and the applicable service order charges will apply; provided, however, when requests to add or modify conditioning are received for a pending HFPL order(s), no additional service order charges shall be assessed, but the due date may be adjusted if necessary to meet standard provisioning intervals. The provisioning

interval for additional requests for conditioning pursuant to this subsection will be the same as set forth above.

7.4 The CLEC, at is sole option, may request shielded cross-connects for central office wiring for use with 2-wire xDSL loop or HFPL when used to provision ADSL over a DSL-capable Loop or HFPL provided for herein at the rates set forth in the Appendix Pricing.

7.5 None of the provisioning intervals in which ILEC provide tie cables necessary for the collocation of splitters may exceed 30 calendar days of receipt of a CLEC's application.

8. MAINTENANCE /SERVICE ASSURANCE

8.1 If requested by either Party, the parties will negotiate in good faith to arrive at terms and conditions for Acceptance Testing on repairs.

8.2 Narrowband/voice service: If the narrowband, or voice, portion of the loop becomes significantly degraded due to the broadband or high frequency portion of the loop, certain procedures as detailed below will be followed to restore the narrowband, or voice service. Should only the narrowband or voice service be reported as significantly degraded or out of service, ILEC shall repair the narrowband portion of the loop without disturbing the broadband portion of the loop if possible. In any case, ILEC shall notify the end user and CLEC for advance permission any time ILEC repair effort has the potential of affecting service on the broadband portion of the loop.

8.3 ILEC will offer a 24-hour clearing time on trouble reports referred by the CLEC and proven to be in the wiring or physically tested and found to be in the loop. If ILEC isolates a trouble (causing significant degradation or out of service condition to the POTS service) to the HFPL caused by the CLEC data equipment or splitter, ILEC will attempt to notify the CLEC and request a trouble ticket and committed restoration time for clearing the reported trouble (no longer than 24 hours). The CLEC will allow the end user the option of restoring the POTs service if the end user is not satisfied with the repair interval provided by the CLEC. If the end user chooses to have the POTS service restored until such time as the HFPL problem can be corrected and notifies either CLEC or ILEC (or if the CLEC has failed to restore service within 24 hours), either Party will notify the other and provide contact names prior to ILEC cutting around the POTS Splitter/DSLAM equipment to restore POTS. When the CLEC resolves the trouble condition in its equipment, the CLEC will contact ILEC to restore the HFPL portion of the loop. In the event the trouble is identified and corrected in the CLEC equipment, ILEC will charge the CLEC upon closing the trouble ticket.

8.4 Maintenance, other than assuring loop continuity and balance on unconditioned or partially conditioned loops greater than 12,000 feet, will only be provided on a time and material basis. On loops where CLEC has requested recommended conditioning not be performed, ILEC's maintenance will be limited to verifying loop suitability for POTS. For loops having had partial or extensive conditioning performed at CLEC's request, ILEC will verify continuing, the completion of all requested conditioning, and will repair at no charge to CLEC any gross defects which would be unacceptable for POTS and which do not result from the loop's modified design.

8.5 Any CLEC testing of the retail-POTS service must be non-intrusive unless utilizing Mechanized Loop Testing (MLT). Prior to a CLEC utilizing MLT intrusive test scripts, the CLEC must have established data service on that loop and have specifically informed the customer that service testing will interrupt both the data and voice telephone services served by that line. CLEC may not perform intrusive testing without having first obtained the express permission of the end user customer and the name of the person providing such permission. CLEC shall make a note on the applicable screen space of the name of the end user customer providing permission for such testing before initializing an MLT test or so note such information on the CLEC's trouble documentation for non-mechanized tests.

8.6 The CLEC shall not rearrange of modify the retail-POTS within its equipment in any way beyond the original HFPL service without coordination with ILEC.

9. SPECTRUM MANAGEMENT

9.1 Spectrum management for HFPL shall be provided under the same terms and conditions as set forth in the underlying xDSL Agreement.

10. PRICING

10.1 ILEC and CLEC agree to the following interim prices for access to the Line-Sharing UNE. Any element necessary for interconnection that is not identified below is priced as currently set forth in the Interconnection Agreement between the parties, pursuant to the interim award. All rate elements established in Docket 22168 and 22469 shall be subject to true up based on a TELRIC-based cost docket before the Public Utility Commission of Texas.

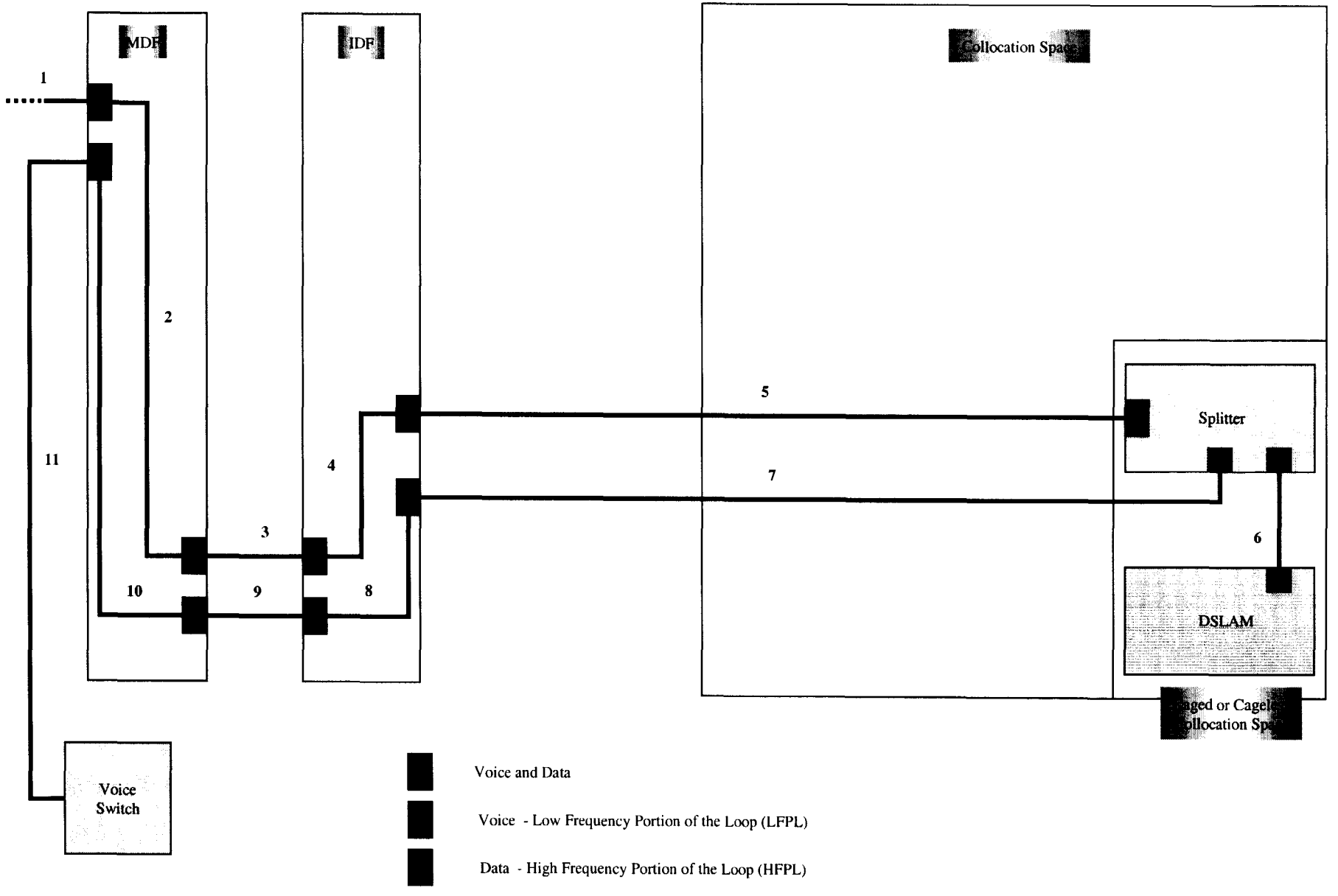
Element	Interim Price
Shared Line (HFPL) Recurring	$0
ILEC Splitter, Recurring	$0.89
OSS Recovery Charge	$0.61

11. RESERVATION OF RIGHTS

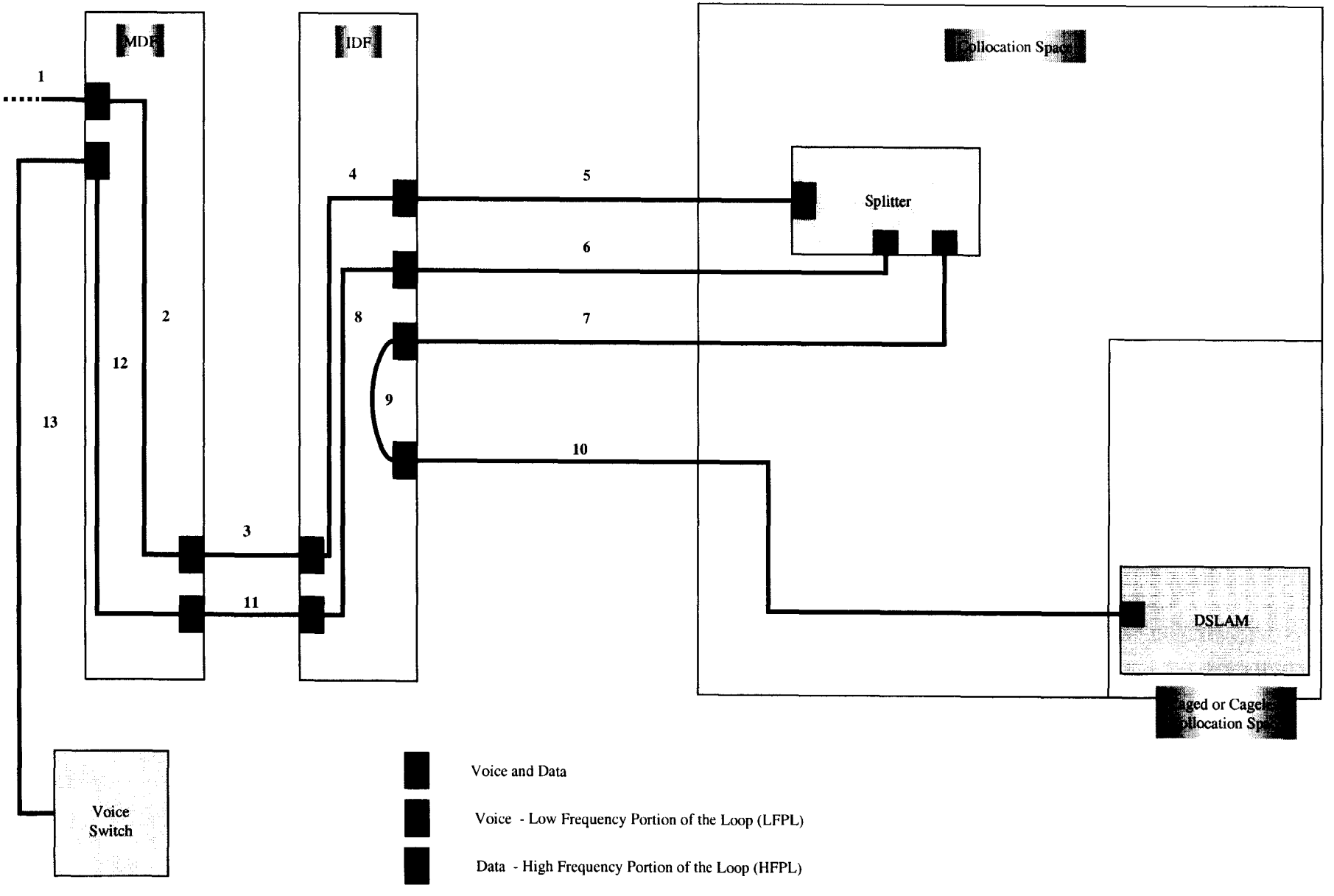
11.1 CLEC and ILEC enter into this interim Appendix to allow CLEC to order HFPL during the initial deployment phase. CLEC and ILEC enter into this interim Appendix without waiving current or future relevant legal rights and without prejudicing any position CLEC or ILEC may take on relevant issues before industry forums, state or federal regulatory or legislative bodies or courts of competent jurisdiction.

11.2 The Parties acknowledge and agree that the provision of the HFPL and the associated rates, terms and conditions set forth above are subject to any legal or equitable rights of review and remedies (including agency reconsideration and court review). If any reconsideration, agency order, appeal, court order or opinion, stay, injunction or other action by any state or federal regulatory body or court of competent jurisdiction stays, modifies, or otherwise affects any of the rates, terms and conditions herein, specifically including those arising with respect to Federal Communications Commission orders (whether from the Memorandum Opinion and Order, and Notice of Proposed Rulemaking, FCC 98-188 (rel. August 7,1998), in CC Docket No. 98-147, the FCC's First Report and Order and Further Notice of Proposed Rulemaking, FCC 99-48 (rel. March 31, 1999), in CC Docket 98-147, the FCC's Third Report and Order and Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-96 (FCC 99-238), including the FCC's Supplemental Order issued *In the Matter of the Local Competition Provisions of the Telecommunications Act of 1996*, in CC Docket 96-98 (FCC 99-370) (rel. November 24, 1999) ("the UNE Remand Order"), or the FCC's 99-355 Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98 (rel. December 9, 1999), or any other proceeding, the Parties shall negotiate in good faith to arrive at an agreement on conforming modifications to this Appendix. If negotiations fail, disputes between the Parties concerning the interpretation of the actions required or the provisions affected shall be handled under the Dispute Resolution procedures set forth in the underlying Interconnection Agreement.

Attachment 1 - CLEC Owned Splitter



Attachment 2 - SWBT Owned Splitter



Attachment 3 - GTE Owned Splitter